



December 8, 2017



Monterey Urban County

(County Unincorporated Areas and the
Cities of Gonzales, Greenfield and Sand City)



Community Development Block Grant Program
FY 2018 – FY 2019

WELCOME

- ❖ Logistics
- ❖ Staff Introductions
- ❖ City Data Services Introductions
- ❖ Attendee Introductions

COORDINATION WITH PROCESS OF CITY OF SALINAS

- Application for CDBG Funding Nearly Identical to City of Salinas
- Use City Data Services to Apply Online
- County Applications for all Activities are Due:

4:00 PM – January 15, 2018

Meeting Objectives

- Introductions
- Introduction of Urban County CDBG program
 - Consolidated Plan
 - Analysis of Impediments to Fair Housing Choice
 - FY 2018-2019 Funding Estimate
- Discussion of housing and community development needs
- FY 2018-2019 funding application process

Community Development Block Grant

- Urban County
 - Unincorporated areas of Monterey County and the cities of Gonzales, Greenfield, and Sand City
- The Urban County entitlement designation allows the Urban County jurisdictions to receive Community Development Block Grants directly from HUD on an annual basis
- Estimated FY 2018-2019 allocation is \$1,150,000

Community Development Block Grant

- Funding
 - Minimum Application for Program/Services: \$10,000
 - Minimum Application All Others: \$20,000

- Public Services (including Fair Housing):
 - May not exceed 15% of allocation
 - Up to \$172,500

CDBG Project Funding by Jurisdiction

Estimated Funding for Projects

| Jurisdiction | Funding |
|----------------------|-----------|
| Gonzales | \$146,742 |
| Greenfield | \$497,200 |
| Sand City | \$30,000 |
| Unincorporated Areas | \$81,500 |

CDBG Program – National Objectives

- Benefit low and moderate income persons
 - For HUD purposes, moderate income is identified as up to 80% of Area Median Income
- Aid in the prevention or elimination of slums and blight
- Meet other community development need having a particular urgent need
 - A condition that occurred in the past 18 months and that jeopardizes public health and safety; and
 - The jurisdiction has no other means of addressing the condition

CDBG - What Can Be Funded?

Examples of Eligible Activities:

- Creation and retention of affordable housing
- Infrastructure improvements
- Public facilities
 - Facilities for low and moderate income persons and those with special needs
- Job creation and retention
- Public Services
 - Service for low and moderate income persons and those with special needs

70% of CDBG funds must be used for activities that benefit low- and moderate-income persons.

Income Limits

Monterey County Median Income FY 2017

\$63,100

| Persons in Family | Very Low (50%) Income Limits | Extremely Low Income Limits | Low (80%) Income Limits |
|-------------------|------------------------------|-----------------------------|-------------------------|
| 1 | \$28,500 | \$17,100 | \$45,600 |
| 2 | \$32,600 | \$19,550 | \$52,100 |
| 3 | \$36,650 | \$22,000 | \$58,600 |
| 4 | \$40,700 | \$24,600 | \$65,100 |
| 5 | \$44,000 | \$28,780 | \$70,350 |
| 6 | \$47,250 | \$32,960 | \$75,550 |
| 7 | \$50,500 | \$37,140 | \$80,750 |
| 8 | \$53,750 | \$41,320 | \$85,950 |

What is the Consolidated Plan?

- Components:
- An analysis of housing and community development needs
- A five-year strategy to address those needs
- An annual funding plan
- Provides road map for funding decisions

The Analysis of Impediments to Fair Housing Choice

- HUD programs must be administered to “affirmatively further fair housing”
- Conducted Analysis of Impediments (AI) to Fair Housing and approved by HUD June, 2013
- Must take actions to overcome impediments
- Maintain records on analysis and actions

The Analysis of Impediments to Fair Housing Choice (continued)

- AI contains:
 - An analysis of housing market conditions and demographic characteristics
 - A review of existing fair housing issues
 - A summary of impediments in public and private sectors
 - A plan of actions to mitigate impediments

Fair Housing

- Fair Housing:
 - A condition in which individuals of similar income levels in the same housing market have a like range of choice available to them regardless of race, color, ancestry, national origin, religion, sex, disability/medical conditions, age, marital status, familial status, source of income, sexual orientation/gender identity, or any other arbitrary factor.
- Prohibits discrimination in housing choice because of protected class status

Housing and Community Development Needs

- What are the needs in the Urban County?
- Housing
 - Housing Affordability
 - Housing Conditions
 - Special Needs Housing
 - Fair Housing Concerns
- Homelessness
- Special Needs Populations
- Community Development
 - Public facilities, infrastructure, economic development
- Public Services

Housing and Community Development Needs Public Hearing

- Public Hearing in regard to specific community needs

RFP INSTRUCTIONS

Urban County:

- ❖ One HUD Program
 - CDBG

City of Salinas

- ❖ Three HUD Programs
 - CDBG
 - ESG
 - HOME

FY 2017-2018 Funding Allocation Process

| Timeline | |
|-------------------|---|
| December 8, 2017 | <ul style="list-style-type: none"> ▪ NOFA Released |
| December 8, 2017 | <ul style="list-style-type: none"> ▪ Application workshop & Public Hearing in regard to Needs |
| January 15, 2018 | <ul style="list-style-type: none"> ▪ FY 2017-2018 Funding Applications due |
| February 27, 2018 | <ul style="list-style-type: none"> ▪ Greenfield staff recommendations to City Council |
| March 5, 2018 | <ul style="list-style-type: none"> ▪ Gonzales staff recommendation to City Council |
| March 6, 2018 | <ul style="list-style-type: none"> ▪ Sand City staff recommendations to City Council |
| March 8, 2018 | <ul style="list-style-type: none"> ▪ County staff recommendations to Board of Supervisors Standing Committee |
| April 10, 2018 | <ul style="list-style-type: none"> ▪ 30-day public review of Action Plan Begins |
| May 15, 2018 | <ul style="list-style-type: none"> ▪ Public Hearing & Board adoption of Action Plan |

CDBG ELIGIBILITY

- ❖ **Selecting Activities that Comply**

- ❖ [24 CFR 570.201 to 570.207]

- ❖ **Meeting a National Objective**

- ❖ [24 CFR 570.208]

CDBG ELIGIBILITY

❖ [24 CFR 570.201 to 570.203]

❖ **Eligible Activities:**

Acquisition and disposition of real property; clearance or demolition; homeownership assistance; rehabilitation activities; public facilities and improvements; public services; special economic development activities and micro-enterprise assistance.

CDBG ELIGIBILITY

❖ [24 CFR 570.207]

❖ **Ineligible Activities:**

Assistance for buildings used for the general conduct of government; local government expenses; political activities; new housing construction; income payments; and activities not primarily benefiting lower income Urban County households.

CDBG ELIGIBILITY

❖ [24 CFR 570.208]

Meeting a National Objective

- Benefiting low-and moderate-(L/M) income persons;
 - 1) Area Benefit
 - 2) Limited Clientele
 - 3) Housing
 - 4) Jobs
- Addressing slums or blight; or
- Meeting an urgent community development need

CDBG ELIGIBILITY

Area Benefit

An activity that benefits all residents in a particular area but at least 50 percent of the residents are low and moderate-income persons.

- HUD publishes its own set of low/mod population estimates that must be used for determining area benefit.
- The estimates can be found at:
<https://www.hudexchange.info/manage-a-program/acs-low-mod-summary-data-block-groups-places>

Census Tracts & Block Groups that Qualify as LMA

CDBG Eligibility LMA

Records to be maintained:

- Boundaries of the service area
- Data showing the percent of low and moderate-income persons residing in the service area

CDBG ELIGIBILITY

Limited Clientele

An activity that serves only a limited group, where at least 51 percent are low and moderate-income.

Income levels must be documented.

Presumed Benefit

- Abused children
- Elderly persons
- Homeless persons
- Persons living with AIDS
- Battered spouses
- Disabled adults
- Illiterate adults
- Migrant farm workers

Client Document Review

Income Certification

CDBG ELIGIBILITY

Limited Clientele Activities

Records to be maintained:

- Designed for and used by a segment of the presumed population
- Nature and location of the activity establishes that it will primarily benefit L/M income persons
- Data showing the size and annual income of the family of each person receiving the benefit

CDBG ELIGIBILITY

Examples of Projects Serving Limited Clientele

An activity that serves to remove material or architectural barriers to the mobility or accessibility of persons meeting the definition of severely disabled.

Microenterprise assistance activity to benefit new and existing microenterprises (five or fewer employees, including owner who is L/M).

A job training and placement and/or other employment support services activity.

CDBG ELIGIBILITY

Housing Activity:

An eligible activity carried out for the purpose of providing or improving permanent residential structures which, upon completion, will be occupied by low- and moderate-income households.

Records to be maintained:

- Written agreement with # of units to be occupied by L/M
- Total cost of project, both CDBG and non-CDBG
- For each unit occupied by L/M persons, size of household, ethnicity, and income

CDBG ELIGIBILITY

Job Creation/Retention: designed to create or retain permanent jobs where at least 51%, computed on a full-time equivalent (FTE) basis, involve the employment of low- and moderate-income persons.

Records to be maintained:

- Written agreement, containing commitment by the business that it will make at least 51 percent of the FTE jobs available to L/M persons
- Listing by job title of the permanent jobs filled and which jobs were available to L/M persons

ECONOMIC DEVELOPMENT ELIGIBLE ACTIVITIES

24 CFR 570.201 (o):

- Grants, loans, financial support for establishment, stabilization and expansion of microenterprises
- Technical assistance, training, and general support to owners of microenterprises or persons developing microenterprises

SPECIAL ECONOMIC DEVELOPMENT ACTIVITIES

24 CFR 570.203:

- Acquisition, construction, rehabilitation of commercial or industrial buildings, structures, or improvements
- Assistance to private for-profit businesses: grants, loans, technical assistance, and other forms of support
- Economic Development Services: e.g. outreach to market assistance, applicant screening, underwriting, agreement preparation

SPECIAL ECONOMIC DEVELOPMENT ACTIVITIES (continued)

24 CFR 570.203(c):

- Screening, referral and placement of applicants for employment opportunities generated by CDBG-eligible economic development activities, including the costs of providing necessary training for persons filling those positions

ECONOMIC DEVELOPMENT EVALUATION GUIDELINES

24 CFR 570.209: Underwriting guidelines:

- Project costs are reasonable
- All sources of project financing are committed
- CDBG funds not substituted for non-federal financial support
- Project is financially feasible

ECONOMIC DEVELOPMENT EVALUATION GUIDELINES (continued)

24 CFR 570.209: Underwriting guidelines:

- Return on investment not unreasonably high
- CDBG funds disbursed on pro rata share with other project finances
- Standards for evaluating public benefit met
- Job creation/retention standards

Davis-Bacon & Prevailing Wages

- All projects funded with CDBG dollars are subject to Federal Davis-Bacon and State Prevailing Wage regulations.
- Davis-Bacon Wage Orders will be included in all subrecipient agreements for projects
- Subrecipients must also register with the CA Dept. of Industrial Relations as required by CA Labor Code 1773.3 and 8 Cal. Code Reg. Sec 16451(a)

SECTION 3 ACT

❖ Section 3 of HUD Act of 1968

❖ Why Section 3?

24 CFR Part 135 requires that, to the greatest extent feasible, HUD funds for housing construction, rehabilitation, or other public construction create opportunities for individuals and business that meet the definition of Section 3

- Job training opportunities
- Employment opportunities
- Contracting opportunities
- Section 3 Residents & Section 3 Business Concerns

SECTION 3 DEFINITIONS

- ❖ Who is a Section 3 Resident?
 - Public Housing resident
 - Low-income(80%) or a very-low income(50%) person
- ❖ Who is a Section 3 Business Concern?
 - 51% or more owned by Section 3 residents
 - At least 30% of its full-time staff are Section 3 residents
 - Subcontract to Section 3 Business, 25% +
- ❖ Section 3 Applicability/Funding Thresholds:
 - Awards of \$200,000+
 - Contracts/Subcontracts of \$100,000 +

SECTION 3 ACT

❖ Section 3 Trigger:

When *new* jobs and/or contracting opportunities are created during the completion of the covered activity

❖ Section 3 Numerical Goals (minimum/annual):

- Employment: 30% of aggregate number of new hires
- Contracting:
 - 10% of total dollar amount of all Sec. 3 contracts awarded to Sec. 3 businesses
 - 3% of total dollar amount of all non-construction covered contracts awarded to Sec. 3 businesses

LEAD-BASED PAINT

- ❖ [24 CFR Part 35] Subpart J - Rehabilitation
- ❖ Housing Constructed prior to 1978
- ❖ Notification/Disclosure
 - Lead Hazard Information pamphlet
 - Notice of Lead Hazard Evaluation or Presumption
- ❖ Clearance Test
 - Notice of Lead Hazard Reduction Activity

UNIFORM RELOCATION ACT (URA)

- ❖ [24 CFR 886.138] N/A To Owner Occupied Units
- ❖ Minimizing displacement - owners shall assure that they have taken all reasonable steps to minimize the displacement of persons as a result of a project assisted;
- ❖ Temporary Relocation to include the following:
 - Reimbursement for all reasonable out-of-pocket expenses incurred in connection with the temporary relocation, including the cost of moving to and from the temporary housing and any increase in monthly rent/utility costs; and
 - Appropriate advisory services, including reasonable advance written notice of:
 - Date and approximate duration of the temporary relocation;
 - Location of the suitable, decent, safe, and sanitary dwelling to be made available for the temporary period.
- ❖ Relocation costs can become a financial burden on projects without a proper Relocation Plan in place.

Monitoring & Recordkeeping

Organized files are the key to demonstrating compliance with CDBG regulations. Your files should include:

- Your Application
- Fully Executed Subrecipient Agreement
- Insurance Certificate/s
- Quarterly Reports & Draw Requests
- Communications with the Urban County
- Income Eligibility Determination

Monitoring & Recordkeeping

Construction project files should also include:

- Bid Package
- Construction Contract
- Wage Determination
- Certified Payroll Reports –
 - including employee interviews
- Contractor Payments/Budget
- Notice of Completion

APPLICATION

CDS ONLINE SYSTEM

- www.citydataservices.net
- New users – login & password: MONT2018
- Existing users must use their current login and password



OTHER RESOURCES

- ❖ Monterey County Website

 - www.co.monterey.ca.us

- ❖ City Data Services for Application & Reporting

 - www.citydataservices.net

- ❖ CDBG Regulations –

 - ecfr.gpoaccess.gov at 24 C.F.R. 570

- ❖ HUD Income Calculator –

 - <https://hudexchange.info/incomecalculator>

- ❖ [HUD FY2017 LMISD by State – All Block Groups –](https://www.hudexchange.info/manage-a-program/acs-low-mod-summary-data-block-groups-places/)

 - <https://www.hudexchange.info/manage-a-program/acs-low-mod-summary-data-block-groups-places/>

- ❖ HUD Income Limits Documentation System

 - https://www.huduser.gov/portal/datasets/il/il2017/select_Geography.odn